November 9, 2020

TO: Honorable Members of the Board of Supervisors
Jeffrey V. Smith, County Executive

FROM: Consuelo Hernandez, Acting Director, Office of Supportive Housing

SUBJECT: Bay Area Housing Finance Authority

Under advisement from the October 20, 2020 Board of Supervisor’s meeting (Item No. 15), this memorandum responds to a Board-approved referral from Supervisor Cortese directing the Administration to engage in discussions with the Bay Area Housing Finance Authority (BAHFA) and provide an off-agenda report related to progress of discussions regarding support for affordable housing production. Supervisor Simitian requested that Administration also report this information through the Housing, Land Use, Environment, and Transportation Committee (HLUET).

BAHFA was established in 2019 by AB 1487 (Chiu) to support the production and preservation of affordable housing by placing new revenue options on the ballot. Comprised of the 21 members of the Metropolitan Transportation Commission (MTC), BAHFA aims to develop a comprehensive regional strategy to help local governments tackle the housing crisis. The Bay Area’s nine counties and 101 cities and towns currently address most housing issues individually, and often with limited staff and financial resources. Due to the economic disruption caused by the COVID-19 pandemic, decision was made not to place a Bay Area regional bond measure on the November 2020 ballot.

In June 2020, in lieu of pursuing a November 2020 ballot measure, the ABAG Executive Board and MTC approved an initial strategic framework for an Expanded Regional Housing Portfolio. This framework seeks to provide a comprehensive, data-driven regional housing strategy to support local jurisdictions and other partners in addressing the Bay Area’s chronic housing affordability crisis across “3 Ps”: protection of tenants from displacement, preservation of existing housing, and production of new homes.

BAHFA has also prepared an initial strategic framework and proposal for next steps into two phases. The first phase involves intensive planning to explore potential revenue sources in the absence of a ballot measure as well as an effort to lay the foundation for future activities. A key
component of the first phase is to support the administrative infrastructure for the regional agencies’ expanded housing work, including the formation of a new ABAG Housing Committee, activation of the BAHFA Board, and planning for the formation of a BAHFA Advisory Committee. Another critical component of the first phase is to initiate the Regional Housing Portfolio Business Plan to evaluate housing activities, including the possibility of accepting land donations and the feasibility of issuing project revenue bonds. This phase of the workplan also includes exploring partnership opportunities with other public agencies, including potential land donations, technical assistance, and data-gathering.

The second phase includes a regional convening for local agency staff. As part of MTC’s research, they reached out to staff in various county housing departments. Those staff expressed a strong desire for regional government to regularly convene local housing officials to fortify the regional network and enable the identification and dissemination of best practices. On October 15, 2020, the Joint ABAG Housing Committee and the MTC Executive Committee received a progress report on the phased implementation plan. This progress report also provided next steps, which included staff’s anticipated publication in November of a “Concept Paper” for the Expanded Regional Housing Portfolio, which packages the content of staff’s report for a public audience.

The Administration, through the Office of Supportive Housing (OSH), had a preliminary discussion with the BAHFA team in March 2020 to discuss options for a proposed toolbox of best practices. BAHFA expressed some interest in learning best practices from the County’s implementation of the 2016 Measure A Affordable Housing Bond.

OSH has agreed to participate in regional convenings once they are scheduled. OSH also provided preliminary feedback, including: 1) the need to advocate at the state legislative level to improve tax credit allocations to Bay Area housing projects; 2) the deployment of planning professionals to local jurisdictions to help expedite land use reviews using affordable and supportive housing streamlining bills such as SB 35; and 3) the direct allocation of revenues raised through advocacy efforts to jurisdictions like the County that have already passed local ballot measures.

OSH has scheduled a meeting to explore possible partnership opportunities, including serving as a BAHFA Advisory Committee member. BAHFA is not currently considering affordable housing projects on any properties in Santa Clara County. Future updates will be shared to the Board through HLUET before taking any formal actions.

Cc: Chief Board Aides
Miguel Marquez, Chief Operating Officer
James Williams, County Counsel
Megan Doyle, Clerk of the Board
Ky Le, Deputy County Executive